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Reference is made to Department telegram 590, May 11, 1959.

Following is verbatim text memorandum handed Acting Secretary May 11, 1959 by Ambassador Chapman

"In the joint statement issued by President Eisenhower and Prime Minister Nkrumah on 26th July, 1958, it was noted that the two Governments agreed that it would be desirable to bring up to date the engineering reports on the Volta River Project which were prepared in 1955, and to share the cost of this undertaking.

"The Government of Ghana appreciates the kind spirit in which the Government of the United States of America made its initial generous offer to finance half the cost of bringing up-to-date the engineering reports of 1955. The Government of Ghana is equally pleased with the results of the study conducted by the Kaiser engineers. This Reassessment Report is a concrete result of friendly cooperation between our two Governments.

"The Government of Ghana is convinced that the Government of the United States of America is fully aware of the fact that democratic institutions can only flourish in a society where the greatest possible number of the people have the opportunity to secure a decent standard of living for themselves and their families. The Volta River Project and the Second Five-Year Development Plan are both designed, above all to give opportunity to the people of Ghana to build a life fully in conformity with their aspirations and expectations. The Government of Ghana further believes that in the task of promoting and strengthening peace, prosperity and stability based upon international justice, its interests are identical with those of the Government of the United States of America.

"The identity of interests is illustrated by the fact that shortly after the visit of the Prime Minister of Ghana, Dr. Kwame Nkrumah, to the United States in July, 1958, the Government of Ghana, in cooperation with the Government of the United States of America, entered into a

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- (4) The Government of Ghana wishes to emphasise that it is in no position at the moment to give even an approximate rate of cost for this power unless it is also in the position to know what the approximate interest and loan amortisation costs of the project will be.
- (5) Recalling therefore, the hope expressed by the Prime Minister of Ghana, Dr. Kwame Nkrumah, in his joint statement with the President of the United States, Mr. Dwight D. Eisenhower, to the effect that the Government of the United States would find it possible to assist the Government of Ghana with its development programmes, and recalling also the sympathetic interest which the President of the United States showed in the development programmes of Ghana, the Government of Ghana would now wish to know the general basis upon which it may expect to be able to secure United States financial aid for the Volta River Project.

"The Government of Ghana will be most grateful to ascertain:

- (A) How much of the total financing of the construction of the dam and the power installation at Kosombo will be by loans and at what rate of interest and the amortisation rate and maturity of the loans.
- (B) How much will be by a direct grant.

"The Government of Ghana at the moment is financing the construction of certain preliminary works at the Kosombo site and it is most anxious that there be no undue delay between the completion of these preliminary works and the start of the Kosombo dam construction. For this reason the Government of Ghana plans to proceed as soon as possible with Step One of the Volta Hydro-Electric Project as recommended by the Kaiser report, namely, the construction of the dam at Kosombo and the generation of power from it. This will involve the expenditure of approximately \$180,000,000 with an installed power generating capacity of 768,000 kw. The sources of financing for the estimated expenditure as at present envisaged are:

FOREIGN	--	\$127,000,000
GHANA	--	<u>53,000,000</u>
		\$180,000,000

"It is realised that in order to arrive at an approximation of the financing conditions and resulting debt charges certain basic assumption will have to be made. However, it is essential that a premise of the financing be now made in order that the Government of Ghana may, in turn, make power costs representations to the aluminium companies in order that they may then be more definite and specific in indicating their willingness to commit themselves for substantial

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blocks of power.

"The Government of Ghana would be most grateful if the Government of the United States would advise it as soon as possible of the assistance which the Government of the United States may wish to give it in working out and implementing a plan for the financing of the construction of the dam and power installation at Kosombo.

May 11, 1959"

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